

# Wihlborgs' Year-end report

# 2019

January–December

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## JANUARY–DECEMBER 2019

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Rental income increased by 11 percent to SEK 2,983 million (2,684)

Operating surplus increased by 10 percent to SEK 2,140 million (1,941)

Income from property management increased by 26 percent to SEK 1,775 million (1,406)

Result for the period amounts to SEK 2,923 million (2,403), corresponding to earnings per share of SEK 19.02 (15.63)

The Board of Directors proposes a dividend of SEK 4.50 (3.75) per share

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# January–December 2019

Group key figures, SEK m	<b>2019</b>	2018	<b>2019</b>	2018
	<b>Oct–Dec</b>	Oct–Dec	<b>Jan–Dec</b>	Jan–Dec
Rental income	<b>765</b>	687	<b>2,983</b>	2,684
Operating surplus	<b>525</b>	479	<b>2,140</b>	1,941
Income property management	<b>456</b>	355	<b>1,775</b>	1,406
Changes in value of properties	<b>1,023</b>	854	<b>1,479</b>	1,312
Changes in value of derivatives	<b>285</b>	-90	<b>13</b>	37
Result for the period	<b>1,546</b>	934	<b>2,923</b>	2,403
Earnings per share, SEK	<b>10.06</b>	6.08	<b>19.02</b>	15.63
Surplus ratio, %	<b>69</b>	70	<b>72</b>	72
Equity/assets ratio, %	<b>38.4</b>	36.3	<b>38.4</b>	36.3
Occupancy rate, %*	<b>93</b>	94	<b>93</b>	94
EPRA NAV per share, SEK	<b>140.20</b>	122.64	<b>140.20</b>	122.64

\*) Excluding Projects & Land.



Tyréns has been a tenant at Wihlborgs in Dockan since 2001 and is a growing company. An extension of 2,200 m<sup>2</sup> was completed in 2018, and in 2019 a renovation of Tyréns' existing premises — spanning 4,000 m<sup>2</sup> — was carried out.

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## Forthcoming reports

Annual report 2019	April 2020
Interim report Jan–Mar	28 April 2020
Interim report Jan–Jun	6 July 2020
Interim report Jan–Sep	23 Oct 2020

Wihlborgs' interim reports and the Annual Report are distributed electronically. The Annual Report is printed in Swedish and sent to any shareholders notifying the Company that they wish to receive it in printed form.

This interim report is information of such a kind that Wihlborgs Fastigheter AB (publ) is legally required to disclose pursuant to the EU's Market Abuse Regulation and the Swedish Securities Market Act. The information was submitted for publication through the agency of the contact people below on **11 February 2020 at 07:30 CET**.

Wihlborgs Fastigheter AB (publ) is a property company that focuses on commercial properties in the Öresund region. Its property portfolio is located in Malmö, Lund, Helsingborg and Copenhagen. In Malmö, Lund and Helsingborg Wihlborgs is the leading property company. The book value for the Company's properties totals SEK 45,5 billion. The annual rental value of the properties is SEK 3,3 billion. Wihlborgs shares are quoted on the Large Cap List of NASDAQ Stockholm.

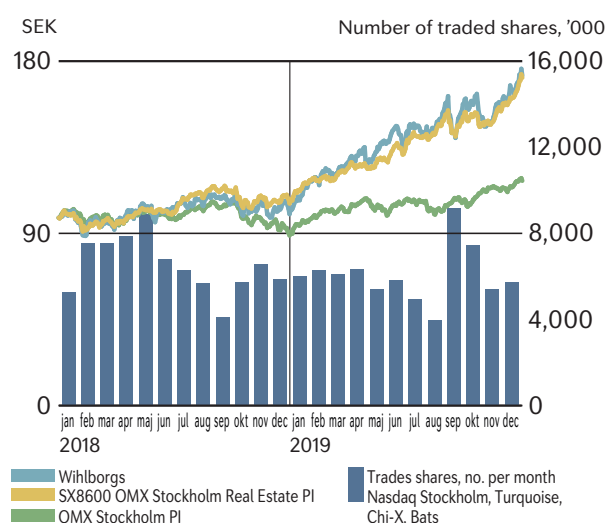
## Financial targets

- A return on equity that exceeds the riskfree interest rate by no less than six percentage points
- An equity/assets ratio of no less than 30 percent
- An interest coverage ratio of no less than 2.0
- The loan-to-value ratio is not to exceed 60 percent

See page 19 for outcome

## Development of share price

010118–311219



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## CEO's comments

Wihlborgs has always endeavoured to actively own and manage its properties. 2019 was no exception in this regard. We have never previously conducted so large purchases and sales of properties as we completed over the past year. We have never previously invested so much in projects and we have never signed so many leases or achieved such a high level of net lettings. We are proud of all of the above.

In the first six months of 2019, we completed a couple of major acquisitions. In Lund, we acquired the Nya Vattentorget 2 and 4 properties and in Helsingborg, we purchased the Hermes 10 and 16 properties. Moreover, we also sold a number of fully let properties during the year, that have limited development potential moving forward. The properties Landsdomaren 6 in Lund and Gängtappen 1 in Malmö are two clear examples of such properties. We have also divested properties in Munkeengen and Glentevej in the Copenhagen area, which either comprised housing or were suited to housing development. This was to remain focused on commercial properties where we can create value for tenants and owners through active management.

Investments in new and existing properties amounted to SEK 1.7 billion over the year. We completed two major projects in Hyllie, Malmö, during the year, where we completed Gimle 1 with the Swedish

Customs as the largest tenant and Bure 2 where the entire property has been let to Ingka Services (Ikea). At Polisen 5 in Helsingborg, the new construction and redevelopment of Helsingborg District Court was completed in 2019. The Prisma project at Ursula 1 in Helsingborg is the largest of our ongoing new builds and 40 percent has now been let. The ambition for 2020 is to start new projects in Malmö and Lund.

Positive fourth quarter net lettings amounted to SEK 20 million, resulting in a positive full-year figure of SEK 95 million. We noted that net lettings in 2019 were stronger than previous years in Copenhagen, where we let 7,000 m<sup>2</sup> at the Slotsmarken 13–15 property to Hørsholm Municipality during the fourth quarter.

All together, our fourth quarter rental income rose 11 percent, the operating surplus increased 10 percent and income from property management rose a full 28 percent.

In combination with our properties' substantial value increases, up SEK 1,023 million in the fourth quarter, our healthy cash flow creates a strong balance sheet. At the end of the year, our equity/assets ratio amounted to 38.4 percent and the loan-to-value ratio is down to 51.9 percent.

On the back of the strong earnings growth and a strengthened balance sheet, the Board proposes also

raising the dividend to shareholders. The proposal is to distribute SEK 4.50 per share, up 20 percent year-on-year.

We are proud to be reaping the rewards of our efforts. However, work remains to be done and we have scope for much more. One area that has been important for us for many years, and where we want to change up a gear, is sustainable business. We are

*"We have never previously invested so much in projects and we have never signed so many leases or achieved such a high level of net lettings."*

currently creating a clearer organisation with responsibility for coordinating and driving efforts to make all the components of our business long-term sustainable. Naturally, this encompasses environmental efforts, but also includes sustainable procurement, a sustainable organisation and our various societal commitments. In the long term, sustainability is a question of survival and this applies to society in general as well as our tenants and ourselves.

After an extremely active year, I would like to extend my heartfelt thanks to Wihlborgs' employees who daily drive our business forward with their considerable commitment. This fantastic mix of competence, wisdom and innovation makes it a pleasure to come to work each day. I would also like to thank our tenants for entrusting us with delivering good workplaces for them and their employees. Together, we both can and will continue to develop Wihlborgs and the Öresund region.



Ulrika Hallengren, CEO

## Market comments

The global economic slowdown appears to be relatively mild and the risk of a deeper recession avoided according to Nordea's Economic Outlook for January 2020. Global concerns have receded and the risk of a recession in the US has eased. The economic consequences from the spread of the coronavirus are difficult to project as yet. The outlook is brighter for the euro area following Germany's narrow avoidance of a recession last year.

While Sweden finds itself in an economic downturn, the low point seems to have passed and households will take over and drive growth as domestic demand increases. GDP Growth in 2019 is expected to be 1.1 percent, and to then decline to 0.8 percent in 2020 before accelerating to 1.8 percent in 2021.

The Danish economy grew 2 percent last year, but in pace with the global economic slowdown, growth is slowing following a long upswing. Nordea's forecast for GDP growth in 2020 and 2021 is 1.5 percent. Over the last few years with growing employment and wages as well as low interest rates, Danish households have had a high level of savings. They are therefore well-equipped for a slowdown in the Danish economy. Danish companies have also built substantial reserves.

## Property market

2019 became the strongest transaction year to date in the Swedish property market. According to Newsec, the total transaction volume was slightly more than SEK 218 billion, up SEK 17 billion on the previous record year from 2016. Volatile stock markets coupled with the difficulty of achieving adequate returns on capital has resulted in increased demand, since generally, properties can still generate healthy returns. A record number of billion-size transactions were recorded, 42 in total, as well as a number of major portfolio and structural transactions.

International interest continued to rise and in 2019, the international investors accounted for 30 percent of the market. The Swedish property market is one of the world's most liquid and, in Sweden, property transactions are perceived as relatively simple. New international participants were buyers during the year and considerable demand was noted in the logistics, warehouse and light industry segments.

Political stability, economic growth and the mortgage-credit system in Denmark all contribute to the perceived stability of the Danish property market. Here again, international interest in investment has strengthened and international investors accounted for about half of the transaction volume. Demand for properties outstrips supply which, compared with 2018, resulted in transaction volumes declining 26 percent in 2019 to DKK 55.1 billion. The property transaction market in Denmark is largely concentrated to the Copenhagen area and housing remains the hottest segment.



Comparative figures for income statement items relate to values for the corresponding period 2018 and balance sheet items as of 31-12-2018.

# Income, expenses and profits, Jan-Dec 2019

## Rental income

Rental income amounted to SEK 2,983 million (2,684), of which service income was SEK 300 million (250). Property acquisitions and divestments have contributed with net SEK 129 million to rental income growth. Remaining increase is attributable to completed projects, renegotiations, new lettings and indexation in contracts. Furthermore, a stronger Danish Krona has resulted in an increase in income by SEK 17 million.

The total growth in rental income was 11 percent compared with the corresponding period 2018.

At the end of the period the occupancy rate for investment properties, excluding Projects & Land, is 93 percent which is one percentage point lower compared with year-end 2018.

During the period new leases were signed to a value of SEK 297 million (249) on an annualized basis. Lease terminations totalled SEK 202 million (164). This represents a net letting of SEK 95 million (85).

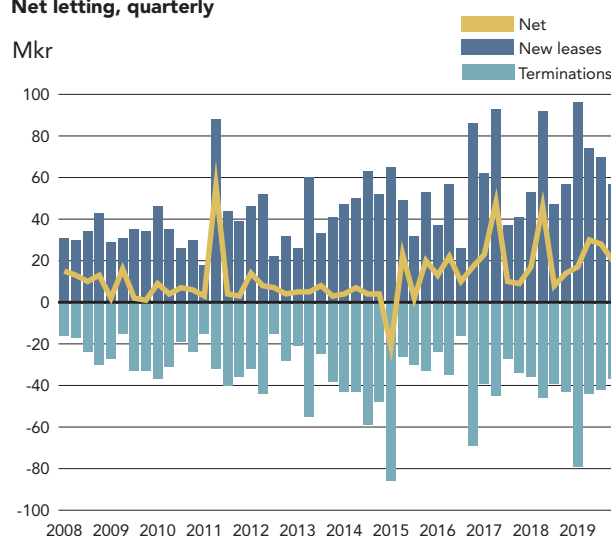
## Terms of Wihlborgs' rental contracts per 31 December 2019

Cancellable rental value, SEK m



## Net letting, quarterly

Mkr



In the fourth quarter, Wihlborgs signed a lease with Hørsholm Municipality for 7,000 m<sup>2</sup> at Slotsmarken 13–15 in Hørsholm, Denmark. Hørsholm City Hall will move into the property in February, 2020.



## Property expenses

Total property expenses amounted to SEK 843 million (743). The increase is mainly due to property acquisitions and completed projects. Moreover, the property tax has increased following the new tax assessment decisions from the Swedish Tax Agency.

The historical summary at the bottom of page 17 illustrates how costs vary over the different quarters of the year.

## Operating surplus

The operating surplus amounted to SEK 2,140 million (1,941) representing a surplus ratio of 72 percent (72). Of the increase, SEK 76 million was attributable to property acquisitions and divestments.

## Central administration

The costs for central administration were SEK 72 million (65).

## Financial income and expense

Net interest totalled SEK –322 million (–471), of which interest income accounted for SEK 14 million (11).

The interest expense for the period, incl. realized effects from interest rate derivatives, was SEK 336 million (482). The decrease in interest cost has been affected by the restructuring of the interest rate derivatives portfolio which was effected in the fourth quarter 2018. Interest expense relating to interest rate derivatives amounted to SEK 60 million (272) during the period. At the end of the period, the average interest rate, including the cost of credit agreements, was 1.28 percent, compared with 1.40 percent at the previous year-end.

From 1 January 2019, leasehold rent is recognised as a financial expense, which differs from the previous principle whereby this was recognised as a property expense. Leasehold rent amounted to SEK 5 million (5).

Profit participation in joint ventures amounted to SEK 34 million (1). The part-owned company Fastighets AB ML4 is now recognised as an associated company instead of as a financial holding and the share of its profits amounted to SEK 34 million for 2019.

## Income from property management

Income from property management amounted to SEK 1,775 million (1,406).

## Pre-tax profit

The pre-tax profit, i.e. after value changes on properties and derivatives, was SEK 3 267 million (2 755). During the period value changes on properties amounted to SEK 1,479 million (1,312). Value changes on derivatives amounted to SEK +13 million (+37) of which SEK –55 million are attributable to interest rate derivatives and SEK 68 million to other financial items.

## Profit after taxes

The profit after taxes was SEK 2,923 million (2,403). Total tax amounted to SEK 344 million (352), of which current tax SEK 54 million and deferred tax SEK 290 million. Deferred tax has been affected positively by SEK 520 million due to the sale of properties as a company.



Wihlborgs is building the Prisma office building (Ursula 1) in Oceanhamnen in Helsingborg. The facade was completed at the end of December, and tech hub HETCH, Assistsansbolaget Försäkring Sverige, EY and KPMG are just some of the tenants that will be moving in at the end of 2020.

# Assets

## Property portfolio as of 31 December 2019

The summaries below are based on Wihlborgs' property portfolio as of 31 December 2019. Rental income relates to contracted rental income on an annual basis as of 1 January 2020.

The operating surplus is based on the properties' earning capacity on an annual basis based on rental income for January 2020, operating and maintenance costs, property administration on a rolling twelve-month basis and property tax.

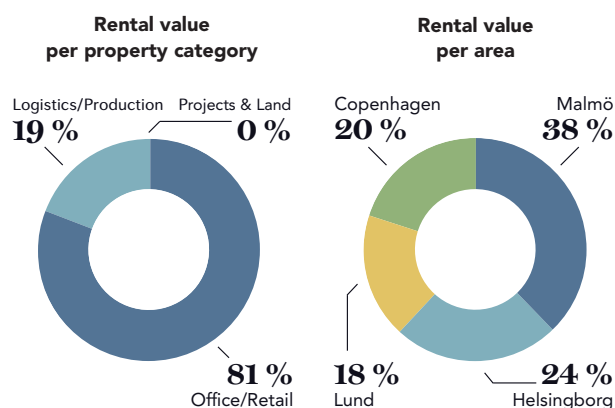
Wihlborgs' property portfolio consists of commercial properties in the Öresund region, located in Malmö, Helsingborg, Lund and Copenhagen. The property portfolio 31 December 2019 consisted 312 properties (310) with a lettable area of 2,181,000 m<sup>2</sup> (2,106,000).

10 of the properties (10) are leasehold rights. The properties' carrying amount was SEK 45 519 million (42 146), which corresponds to the estimated market value. The total rental value was SEK 3,290 million (2,997) and the contracted rental income on annual basis SEK 3,059 million (2,796). The like-for-like increase in contracted rental income was

3,2 percent compared to 12 months previously.

The economic occupancy rate for Office/Retail properties was 93 percent (95) and for Logistics/Production properties 93 percent (90). The rental value for Office/Retail properties represented 81 percent and Logistics/Production properties 19 percent of the total rental value.

The operating surplus from investment properties, excluding property administration and Projects/Land, is SEK 2,357 million (2,168) which with a carrying amount of SEK 44,115 million (40,039) corresponds to a yield of 5.3 percent (5.4). Broken down by property category, this is 5.1 percent (5.2) for Office/Retail and 7.0 percent (6,7) for Logistics/Production.



The office building Sockerbiten (Raffinaderiet 5), located right next to Lund Central Station, was completed in the fourth quarter of 2019. The municipal parking company, LKP, which is leasing 470 m<sup>2</sup> for their head office and reception, is among the tenants.



## Changes in values of properties

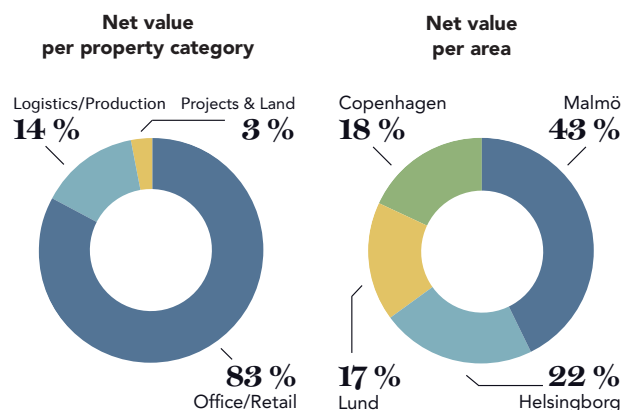
Malmöbryggan Fastighetsekonomi AB has performed a valuation of all Wihlborgs' properties in Sweden. In Denmark the valuation has been performed by Newsec Advisory A/S. The valuation of the properties as of 31 December 2019 resulted in a value increase at 1 479 million (1,312). Almost half of the increase in value was generated by project development. Moreover, increased net operating income and lower yield requirements contributed equally to the increase in value.

Fair value is determined by a yield-based method. The value is considered to correspond to the yield value that is calculated from normally five-year cash flow analyses. The value of newbuild projects in progress is determined as the value as if the project were complete, less deduction of the remaining cost. Undeveloped land is valued according to the comparable sales method. The method for valuation is the same as in the previous year. There is a comprehensive description of the method for valuation of properties on pages 86-87 and 106 in the Company's 2018 Annual Report.

As of 31 December 2019 the carrying amount for the properties was SEK 45,519 million (42,146).

### Changes in carrying amount of properties

Changes	Group total, SEK m
Carrying amount 1 January 2019	42,146
Acquisitions	2,881
Investments	1,659
Properties sold	-2,764
Change in value	1,479
Currency translations	118
<b>Carrying amount 31 December 2019</b>	<b>45,519</b>



## Investments and current projects

Investments in the property portfolio totalled SEK 1,659 million (1,239).

Approved investments in ongoing projects amount to SEK 1,585 million, of which SEK 640 million had been invested at end of period.

## Liquid assets

The Groups liquid assets totalled SEK 567 million (371) including unutilized overdraft facilities.

At the end of the period unutilized credit facilities amounted to SEK 3,106 million (940).

### Investments in progress >SEK 50 million, 31 December 2019

Property	Category of use	Municipality	Completion date	Lettable area, m <sup>2</sup>	Occupancy rate, %	Estimated investment, SEK m	Expended 311219, SEK m
Forskaren 1	Office/Retail	Malmö	Q3 2020	4,000	70	97	76
Stenåldern 7	Logistics/Production	Malmö	Q4 2020	4,300	100	78	48
Ursula 1	Office/Retail	Helsingborg	Q4 2020	13,000	40	405	208
Terminalen 1	Office/Retail	Helsingborg	Q4 2020	8,800	30	257	96
Musköten 20	Office/Retail	Helsingborg	Q4 2020	4,400	100	97	29
Sunnanå 12:54	Logistics/Production	Malmö	Q1 2021	3,600	100	96	1
<b>Total</b>				<b>38,100</b>		<b>1,030</b>	<b>458</b>

**Analysis of lettable space per area and category of use**

Area	Office, m <sup>2</sup>	Retail, m <sup>2</sup>	Logistics/ Production, m <sup>2</sup>	Education/ Health care, m <sup>2</sup>	Misc., m <sup>2</sup>	Total, m <sup>2</sup>	Share, %
Malmö	347,291	47,253	265,846	32,556	17,781	710,727	33
Helsingborg	203,181	61,180	286,441	40,112	13,256	604,170	28
Lund	203,652	17,628	33,068	4,429	9,224	268,001	12
Copenhagen	418,709	7,402	84,006	10,039	78,305	598,461	27
<b>Total</b>	<b>1,172,833</b>	<b>133,463</b>	<b>669,361</b>	<b>87,136</b>	<b>118,566</b>	<b>2,181,359</b>	<b>100</b>
<b>Share, %</b>	<b>54</b>	<b>6</b>	<b>31</b>	<b>4</b>	<b>5</b>	<b>100</b>	

1) Includes 10,275 m<sup>2</sup> hotel.2) Includes 1,819 m<sup>2</sup> residential.3) Includes 8,215 m<sup>2</sup> hotel.4) Includes 38,848 m<sup>2</sup> data center and 5,600 m<sup>2</sup> hotel**Analysis per property category in each management area**

Area/ property category	Number of properties	Area, m <sup>2</sup> thousand	Carrying amount, SEK m	Rental value, SEK m	Rental value, SEK/m <sup>2</sup>	Economic occupancy rate, %	Rental income, SEK m	Operating surplus incl. property ad- min., SEK m	Surplus ratio, %	Operating surplus excl. property ad- min., SEK m	Yield excl property admin., %
<b>Malmö</b>											
Office/Retail	51	450	16,500	1,017	2,259	95	963	737	76	767	4.6
Logistics/Production	47	245	2,487	226	920	95	215	162	75	174	7.0
Projects & Land	21	15	760	2	146	-	2	1	-	1	-
<b>Total Malmö</b>	<b>119</b>	<b>711</b>	<b>19,747</b>	<b>1,245</b>	<b>1,751</b>	<b>95</b>	<b>1,180</b>	<b>899</b>	<b>76</b>	<b>942</b>	<b>4.8</b>
<b>Helsingborg</b>											
Office/Retail	31	231	6,320	456	1,972	94	429	326	76	338	5.4
Logistics/Production	62	373	3,225	330	886	91	300	219	73	235	7.3
Projects & Land	12	-	509	-	-	-	-	-1	-	-1	-
<b>Total Helsingborg</b>	<b>105</b>	<b>604</b>	<b>10,054</b>	<b>787</b>	<b>1,302</b>	<b>93</b>	<b>729</b>	<b>543</b>	<b>75</b>	<b>573</b>	<b>5.7</b>
<b>Lund</b>											
Office/Retail	26	245	7,514	577	2,350	92	530	373	70	416	5.5
Logistics/Production	4	23	197	18	804	99	18	14	80	15	7.7
Projects & Land	3	-	115	-	-	-	-	-	-	-	-
<b>Total Lund</b>	<b>33</b>	<b>268</b>	<b>7,826</b>	<b>595</b>	<b>2,219</b>	<b>92</b>	<b>548</b>	<b>387</b>	<b>71</b>	<b>432</b>	<b>5.5</b>
<b>Köpenhamn</b>											
Office/Retail	46	545	7,290	617	1,132	91	560	352	63	378	5.2
Logistics/Production	8	54	581	47	872	90	42	32	75	33	5.7
Projects & Land	1	-	21	-	-	-	-	-	-	-	-
<b>Total Copenhagen</b>	<b>55</b>	<b>598</b>	<b>7,892</b>	<b>664</b>	<b>1,109</b>	<b>91</b>	<b>602</b>	<b>384</b>	<b>64</b>	<b>411</b>	<b>5.2</b>
<b>Total Wihlborgs</b>	<b>312</b>	<b>2,181</b>	<b>45,519</b>	<b>3,290</b>	<b>1,508</b>	<b>93</b>	<b>3,059</b>	<b>2,214</b>	<b>72</b>	<b>2,358</b>	<b>5.2</b>
<b>Total excluding projects and land</b>	<b>275</b>	<b>2,166</b>	<b>44,115</b>	<b>3,288</b>	<b>1,518</b>	<b>93</b>	<b>3,057</b>	<b>2,214</b>	<b>72</b>	<b>2,357</b>	<b>5.3</b>





In December, Wihlborgs transferred possession of Gängtappen 1 in Dockan, Malmö, which was then sold to Länsförsäkringar Skåne's property company, Länschem Skåne.

## Property transactions

In the fourth quarter, Wihlborgs completed the previously announced sale of the Gängtappen 1 property in Malmö. The property comprises some 14,400 m<sup>2</sup> of offices. In Copenhagen, the Engvej 139 property, which encompasses a school of around 2,700 m<sup>2</sup>, has been sold as has part of the Munkeengen 4–20 property, which contains some 7,000 m<sup>2</sup> of housing.

### Property transactions January–December 2019

Quarter	Property	Municipality	Management area	Category	Area, m <sup>2</sup>	Price, SEK m surplus 2019, SEK m <sup>1</sup>	Operating
<b>Acquisitions</b>							
1	Nya Vattentornet 2	Lund	Lund Ideon	Office/Retail	24,000		
1	Nya Vattentornet 4	Lund	Lund Ideon	Office/Retail	25,000		
1	Ursula 1	Helsingborg	Central Helsingborg	Projects & Land	-		
1	Pulpeten 5	Malmö	Malmö City Centre South	Projects & Land	-		
2	Hermes 10	Helsingborg	Central Helsingborg	Office/Retail	51,000		
2	Hermes 16	Helsingborg	Central Helsingborg	Office/Retail	-		
3	Hörkaer 12	Copenhagen	East Copenhagen	Office/Retail	17,000		
3	Brydehusvej 30	Copenhagen	West Copenhagen	Office/Retail			
<b>Total acquisitions 2019</b>					<b>117,000</b>	<b>2,881</b>	<b>111</b>
<b>Sales</b>							
1	Glentevej 61–65	Copenhagen	East Copenhagen	Projects & Land	9,935		
1	Glentevej 67–69	Copenhagen	East Copenhagen	Office/Retail	8,490		
2	Landsdomaren 6	Lund	Central Lund/Gastelyckan	Office/Retail	27,500		
4	Munkeengen 4-20 (del av)	Copenhagen	North Copenhagen	Office/Retail	7,040		
4	Gängtappen 1	Malmö	Malmö Dockan	Office/Retail	14,400		
4	Engvej 139	Copenhagen	East Copenhagen	Office/Retail	2,660		
<b>Total sales 2019</b>					<b>70,025</b>	<b>2,764</b>	<b>56</b>

1) Operating surplus from properties acquired and sold that are included in the results for the period.

# Liabilities and equity

As of 31 December 2019 equity totalled SEK 17,887 million (15,530) and the equity/assets ratio stood at 38.4 percent (36.3).

## Interest-bearing liabilities

The group's interest-bearing liabilities as of 31 December amounted to SEK 23,628 million (22,814) with an average interest rate including costs for credit agreements of 1.28 percent (1.40).

With consideration to the company's net debt of SEK 23,6 billion, as a percentage of property values, the loan-to-value ratio is 51.9 percent (54.1).

The loans' average fixed interest period including effects of derivatives on 31 December 2019 amounted to 3.5 years (3.5). The average loan maturity, including committed credit facilities, amounted to 5.7 years (6.0).

### Structure of interest and loan maturities as of 31 December 2019

Matures, year	Interest maturity		Loan maturity	
	Loan amount, SEK m	Av. interest rate, %	Credit ag., SEK m	Utilised, SEK m
2020	10,616	1.05	4,262	4,262
2021	2,130	1.02	8,520	7,015
2022	1,630	1.13	7,023	5,422
2023	2,130	1.38	431	431
2024	1,288	1.53	-	-
<2024	5,834	1.67	6,498	6,498
<b>Totalt</b>	<b>23,628</b>	<b>1.26*</b>	<b>26,734</b>	<b>23,628</b>

\* Excluding costs for credit agreements

Wihlborgs use interest rate derivatives in order to reduce the risk level in the loan portfolio. A summary of the terms is shown in the table below.

### Interest rate derivatives portfolio 31 December 2019

Interest rate swaps		
Maturity	Amount, SEK m	Interest, %
2020	1,630	-0.04
2021	2,130	0.05
2022	1,630	0.16
2023	2,130	0.41
2024	1,288	0.56
<2024	4,044	0.76
<b>Totalt</b>	<b>12,852</b>	<b>0.39</b>

The deficit value in Wihlborgs' interest rate derivative portfolio amounted to SEK 81 million (26) by the end of the period.

Interest-rate derivatives are recognised at fair value in accordance with IFRS 9.

For information on the valuation approach for interest rate derivatives, see page 99 of the 2018 Annual Report.



Wihlborgs' "Kontakttyta" is Wihlborgs's own platform for collaboration and knowledge exchange. The latest theme was "The digital workplace and the human brain". Discussing the topic on the panel were Anna Werntoft, IBM; Sandy Errestad, Mapillary and Calle Rosengren of Lund University under the lead of Wihlborgs' Business Developer Hans Andersson and Director of HR and CSR Anna Nambord.



# Miscellaneous

## Employees

At the end of the period, the number of FTEs at Wihlborgs was 221 (187), of which 97 were in property service.

Of the total number of FTEs, 73 were in Malmö, 31 in Helsingborg, 26 in Lund and 91 in Copenhagen. The average age of employees is 43 years and women make up 40 percent.

## Parent company

The parent company owns no properties, but deals with questions relating to the stock market and joint Group functions for administration, management and borrowing. The parent company's turnover is mostly related to the billing of services to Group companies.

The parent company has invested SEK 972 million (830), in shares in subsidiaries and other shares, including shareholders' contributions, during the period.

The parent company's income statement and balance sheet are found on page 18.

## Participations in other companies

A description of all participations held by Wihlborgs in other companies will be found on pages 106–107 in the Company's 2018 Annual Report. Fastighets AB ML4 was reclassified from Other long-term securities holdings to Participations in joint ventures during the fourth quarter. The earnings impact of the reclassification amounted to SEK 34 million.

## Largest shareholders

The largest shareholder in Wihlborgs is Erik Paulsson with family and company, with 10.3 percent of the shares outstanding. Shares held by owners registered abroad account for 40 percent. The number of shareholders is approximately 27,000.

### Largest shareholders in Wihlborgs 31 December 2019

	Number of shares, thousands	Proportion of equity and votes, %
Erik Paulsson with family, privately and via company	15,766	10.3
SEB Investment Management	11,306	7.4
Länsförsäkringar funds	7,479	4.9
Bank of Norway	4,072	2.6
Qviberg family	3,977	2.6
ODIN funds	1,843	1.2
Swedbank Robur funds	1,821	1.2
Handelsbanken funds	1,784	1.2
The Fourth Swedish National Pension Fund	1,753	1.1
Tibia Konsult AB	1,625	1.1
Other shareholders reg. in Sweden	47,286	30.7
Other shareholders reg. abroad	55,001	35.7
<b>Total outstanding shares</b>	<b>153,713</b>	<b>100.0</b>

## Significant risks and uncertainty factors

Wihlborgs operations, financial status and profit are affected by a number of risk factors. Risks that have a decisive influence on the Group's profit trend are variations in rental income, interest rate changes, costs, property valuations and taxes. There are also risks relating to liquidity and funding.

There is a comprehensive description of the risks facing the Group on pages 79–84 and 100–101 in the Company's 2018 Annual Report.

## New corporate sector tax rules

The new corporate sector tax rules entered force on 1 January 2019, which means that limits to tax relief for interest expenses, among other rules, began to apply. The rules also include a tax reduction in two stages: 21.4 percent in 2019–2020 and 20.6 percent as of 2021.

For Wihlborgs, the new rules mean an increase in the tax assessment basis in parallel with a lower nominal tax rate. However, the new rules are not expected to result in any material increase in tax paid in the next few years due to the new rules.

## Accounting principles

Wihlborgs follows the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), as well as interpretations issued by the IFRS Interpretations Committee (IFRIC) as endorsed by the European Union. The Interim Report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. Information under IAS 34 p.16A is submitted in the notes and elsewhere in the interim report.

The Group applies the same accounting policies and valuation methods as in the most recent annual report, with exceptions for what is stated below regarding IFRS 16. In addition, the Group applies the Swedish Financial Reporting Board's recommendation RFR 1, Supplementary Accounting Rules for Corporate Groups and the Parent Company applies RFR 2.

The financial reports are found on page 15.

As of 1 January 2019, IFRS 16 – Leases replaces IAS 17. Wihlborgs does not apply the standard retroactively, which means that the comparative figures for 2018 have not been restated. The standard means that essentially all leases will be recognised in the statement of financial position as right-of-use assets. The right-of-use and the liability are valued at the present value of future lease payments. As the lessor, the change is not expected to impact Wihlborgs' financial reporting. As a lessee, the most material items for Wihlborgs have been identified as the leasehold rents. In addition, we have leasing vehicles and from 1 December leases for office premises. As of 31 December 2019, right-of-use assets amounted to SEK 169 million, of which SEK 146 million pertained to leasehold rents.

The lease liability referable to the leasehold rent is not

amortised, rather the value remains unchanged until the fee is renegotiated. Costs for leasehold rents are recognised as financial expenses, which differs from the previous principle whereby these were recognised as operating costs.

Rent for offices and leasing expenses for cars are recognised as depreciation and interest expenses. The changes do not impact income from property management.

Reporting is slightly affected in some key metrics, for example the equity/assets ratio.

## Proposal to the AGM

The Board of Directors will propose that the Annual General Meeting approves the following resolutions::

- a dividend of SEK 4.50 kronor (3.75) per share, making a total payment of SEK 692 million. The proposal represents an increase of 20 percent over the figure for the preceding year.
- authorization to the Board, in the period until the next AGM, to acquire and transfer Wihlborgs shares corresponding to no more than 10 percent of the shares outstanding.
- authorization to the Board, in the period until the next AGM, to approve a new share issue corresponding to a maximum of 10 percent of the shares outstanding.

The AGM will be held on 28 april 2020.

## Events after the accounting period

No significant events have occurred after the accounting period.

*Malmö 11 February 2020*

**Wihlborgs Fastigheter AB (publ)**

Ulrika Hallengren, CEO

This Year-end report has not been reviewed by the company's auditors.



In 2019, Wihlborgs completed its first two projects in Hyllie, Malmö: Origo (Bure 2) and Dungen (Gimle 1). Wihlborgs is now planning its next project, the office building Kvartetten (Pulpeten 5). At Kvartetten, there is the potential to build 16,000 m<sup>2</sup> of office space just a stone's throw from Hyllie railway station.



**Consolidated income statement summary**

SEK m	2019 Oct–Dec 3 months	2018 Oct–Dec 3 months	2019 Jan–Dec 12 months	2018 Jan–Dec 12 months
<b>Rental income</b>	<b>765</b>	<b>687</b>	<b>2,983</b>	<b>2,684</b>
Operating costs	-120	-105	-427	-379
Repairs and maintenance	-35	-29	-94	-88
Property tax	-51	-39	-199	-155
Leasehold rent	-	-1	-	-5
Property administration	-34	-34	-123	-116
<b>Total property costs</b>	<b>-240</b>	<b>-208</b>	<b>-843</b>	<b>-743</b>
<b>Operating surplus</b>	<b>525</b>	<b>479</b>	<b>2,140</b>	<b>1,941</b>
Central administration	-19	-18	-72	-65
Interest income	3	2	14	11
Interest expense	-84	-109	-336	-482
Leasehold rent	-1	-	-5	-
Share in results of joint ventures	32	1	34	1
<b>Income from property management</b>	<b>456</b>	<b>355</b>	<b>1,775</b>	<b>1,406</b>
Change in value of properties	1,023	854	1,479	1,312
Change in value of derivatives	285	837	13	964
Change in value of terminated derivatives	-	-927	-	-927
<b>Pre-tax profit</b>	<b>1,764</b>	<b>1,119</b>	<b>3,267</b>	<b>2,755</b>
Current tax	-	-9	-54	-39
Deferred tax	-218	-176	-290	-313
<b>Profit for the period<sup>1</sup></b>	<b>1,546</b>	<b>934</b>	<b>2,923</b>	<b>2,403</b>
OTHER TOTAL PROFIT/LOSS <sup>2</sup>				
Translation differences and hedging for international activities, including tax	-21	-4	10	15
<b>Total comprehensive income for the period<sup>1</sup></b>	<b>1,525</b>	<b>930</b>	<b>2,933</b>	<b>2,418</b>
Earnings per share <sup>3</sup>	10.06	6.08	19.02	15.63
No. of shares at end of the period, thousands <sup>4</sup>	153,713	153,713	153,713	153,713
Average no. of shares, thousands <sup>4</sup>	153,713	153,713	153,713	153,713

1) The entire profit/income is attributable to the parent company's shareholders.

2) Refers to records that will be transferred to the result for the period.

3) Key ratios per share have been calculated based on a weighted average number of shares during the period. There are no outstanding subscription options, convertibles or other potential ordinary shares and accordingly, no dilution effects to take into consideration.

4) Recalculation for share split 2:1 in May 2018 has been made.

**Consolidated balance sheet** summary

SEK m	31-12-2019	31-12-2018
<b>ASSETS</b>		
Investment properties	45,519	42,146
Right-of-use assets	169	-
Other fixed assets	389	351
Current receivables	201	62
Liquid assets	280	183
<b>Total assets</b>	<b>46,558</b>	<b>42,742</b>
<b>EQUITY AND LIABILITIES</b>		
Equity	17,887	15,530
Deferred tax liability	3,582	3,295
Borrowings	23,628	22,814
Lease liability	174	-
Derivatives	81	26
Other long-term liabilities	69	67
Current liabilities	1,137	1,010
<b>Total equity &amp; liabilities</b>	<b>46,558</b>	<b>42,742</b>

**Consolidated statement of changes in equity**

SEK m	Jan-Dec 2019	Jan-Dec 2018
<b>Total equity at beginning of period</b>	<b>15,530</b>	<b>13,592</b>
<b>Equity attributable to parent company's shareholders</b>		
Opening amount	15,530	13,592
Dividend paid	-576	-480
Profit for the period	2,923	2,403
Other comprehensive income	10	15
<b>Closing amount</b>	<b>17,887</b>	<b>15,530</b>
<b>Equity attributable to minority shares with non-controlling interests</b>	<b>-</b>	<b>-</b>
<b>Total equity at end of period</b>	<b>17,887</b>	<b>15,530</b>

**Consolidated cash flow statement summary**

SEK m	Oct–Dec 2019	Oct–Dec 2018	Full year 2019	Full year 2018
<b>Operating activities</b>				
Operating surplus	525	479	2,140	1,941
Central administration	-19	-18	-72	-65
Depreciation	3	2	12	4
Net financial items paid	-84	-122	-334	-489
Income tax paid	-23	-12	-25	-14
Change in other working capital	89	169	-37	112
<b>Cashflow from operating activities</b>	<b>491</b>	<b>498</b>	<b>1,684</b>	<b>1,489</b>
<b>Investment activities</b>				
Acquisitions of properties	-	-595	-2,881	-900
Investments in existing properties	-475	-462	-1,659	-1,239
Sales of properties	1,054	-	2,764	195
Change in other non-current assets	-12	-4	-8	-42
<b>Cash flow from investment activities</b>	<b>567</b>	<b>-1,061</b>	<b>-1,784</b>	<b>-1,986</b>
<b>Financing activities</b>				
Dividend paid	-	-	-576	-480
Change in borrowing	-1,079	1,499	774	1,896
Change in other long-term liabilities	38	9	-1	12
Early termination of derivatives	-	-927	-	-927
<b>Cash flow from financing activities</b>	<b>-1,041</b>	<b>581</b>	<b>197</b>	<b>501</b>
<b>Cash flow for the period</b>	<b>17</b>	<b>18</b>	<b>97</b>	<b>4</b>
<b>Opening cash flow</b>	<b>263</b>	<b>165</b>	<b>183</b>	<b>179</b>
<b>Closing cash flow</b>	<b>280</b>	<b>183</b>	<b>280</b>	<b>183</b>

**Historical summary of last eight quarters**

SEK m	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018
<b>Rental income</b>	<b>765</b>	<b>743</b>	<b>757</b>	<b>718</b>	<b>687</b>	<b>667</b>	<b>662</b>	<b>668</b>
Operating costs	-120	-87	-96	-124	-105	-74	-81	-119
Repairs and maintenance	-35	-19	-19	-21	-29	-19	-20	-20
Property tax	-51	-54	-50	-44	-39	-39	-36	-41
Leasehold rent	-	-	-	-	-1	-2	-1	-1
Property administration	-34	-31	-29	-29	-34	-28	-27	-27
<b>Operating surplus</b>	<b>525</b>	<b>552</b>	<b>563</b>	<b>500</b>	<b>479</b>	<b>505</b>	<b>497</b>	<b>460</b>
Income from property management	456	446	467	406	355	372	354	325
Profit for the period	1,546	450	616	311	934	546	620	303
Surplus ratio, %	68.6	74.3	74.4	69.6	69.7	75.7	75.1	68.9
Investment yield, %	4.6	4.9	5.1	4.6	4.7	5.0	5.0	4.7
Equity/assets ratio, %	38.4	35.3	35.1	35.2	36.3	35.7	34.7	34.7
Return on equity, %	36.1	11.2	15.5	7.9	24.8	15.2	17.7	8.8
Earnings per share, SEK	10.06	2.93	4.01	2.02	6.08	3.55	4.03	1.97
Income property management per share, SEK	2.97	2.90	3.04	2.64	2.31	2.42	2.30	2.11
Cash flow fr operating activities per share, SEK	3.19	3.16	2.97	1.63	3.23	2.35	2.23	1.87
EPRA net asset value per share, SEK	140.20	130.23	126.29	125.75	122.64	120.58	117.11	116.41
Share price as % of EPRA NAV	123.0	122.9	106.6	100.8	83.5	88.7	88.5	83.1
Carrying amount of properties	45,519	45,306	44,455	43,839	42,146	40,260	39,856	39,396
Equity	17,887	16,362	15,905	15,853	15,530	14,600	14,058	13,913
Total assets	46,558	46,318	45,330	45,039	42,742	40,883	40,549	40,127

Definitions are available at [wihlborgs.se](http://wihlborgs.se)



**Consolidated segment reporting Jan-Dec**

Property management	Malmö		Helsingborg		Lund		Copenhagen		Total	
SEK m	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Rental income	1,132	1,053	696	595	537	427	617	609	2,983	2,684
Property costs	-287	-273	-178	-160	-162	-118	-215	-192	-843	-743
<b>Operating surplus</b>	<b>845</b>	<b>780</b>	<b>518</b>	<b>435</b>	<b>375</b>	<b>309</b>	<b>402</b>	<b>417</b>	<b>2 140</b>	<b>1 941</b>

In the Group's internal reporting, activities are divided into the above segments, which are the same as described in the latest annual report. The total operating surplus shown above corresponds with the operating surplus recorded in the income statement.

The difference between the operating surplus of SEK 2,140 million (1,941) and the pre-tax profit of SEK 3,267 million (2,755) consists of central administration SEK -72 million (-65), financial net -322 million (-471), share in results of joint-ventures 34 million (1), ground rents -5 (0) and changes in value of properties and derivatives 1,492 million (1,349).

**Parent company's income statement summary**

SEK m	Jan-Dec 2019	Jan-Dec 2018
Income	192	162
Expenses	-195	-176
<b>Operating profits</b>	<b>-3</b>	<b>-14</b>
Financial income	1,827	1,682
Financial expenses	-385	-586
<b>Pre-tax profit</b>	<b>1,439</b>	<b>1,082</b>
Appropriations	548	156
Tax	-78	-18
<b>Profit for the period</b>	<b>1,909</b>	<b>1,220</b>

**Parent company's balance sheet summary**

SEK m	31-12-2019	31-12-2018
Participations in Group companies	9,591	9,860
Receivables fr Group companies	13,399	12,008
Other assets	518	576
Cash and bank balances	116	2
<b>Total assets</b>	<b>23,624</b>	<b>22,446</b>
Equity	5,941	4,608
Liabilities to credit institutions	15,516	14,974
Derivatives	81	26
Liabilities to Group companies	1,997	2,752
Other liabilities	89	86
<b>Total equity and liabilities</b>	<b>23,624</b>	<b>22,446</b>

<b>Key figures for the group</b>		
SEK m	2019	2018
<b>Financial</b>		
Return on equity, %	17.5	16.5
Return on total capital, %	9.0	8.8
Equity/assets ratio, %	38.4	36.3
Interest coverage ratio, multiple	6.2	3.9
Leverage properties, %	51.9	54.1
Debt/equity ratio, multiple	1.3	1.5
<b>Share-related</b>		
Earnings per share, SEK	19.02	15.63
Earnings per share before tax, SEK	21.25	17.92
EPRA EPS, SEK	10.53	8.06
Cashflow from operations per share, SEK	10.96	9.69
Equity per share I, SEK	116.37	101.03
Equity per share II, SEK	139.67	122.47
EPRA NAV (net asset value) per share, SEK	140.20	122.64
Market value per share, SEK	172.50	102.40
Proposed dividend per share, SEK	4.50	3.75
Dividend yield, % <sup>1</sup>	2.6	3.7
Total return from share, % <sup>1</sup>	72.1	7.5
P/E-ratio I, multiple	9.1	6.6
P/E-ratio II, multiple	16.4	12.7
Number of shares at the end of period, thousands <sup>1</sup>	153,713	153,713
Average number of shares, thousands <sup>1</sup>	153,713	153,713
<b>Property-related</b>		
Number of properties	312	310
Carrying amount of properties, SEK m	45,519	42,146
Estimated investment yield, % – all properties	4.9	4.9
Estimated direct return, % – excl project properties	5.0	5.1
Lettable area, m <sup>2</sup>	2,181,359	2,105,851
Rental income, SEK per m <sup>2</sup>	1,508	1,423
Operating surplus, SEK per m <sup>2</sup>	1,015	972
Financial occupancy rate, % – all properties	93	93
Financial occupancy rate, % – excl project properties	93	94
Estimated surplus ratio, %	72	73
<b>EMPLOYEES</b>		
Number of employees at period end	221	187

1) Recalculation for share split 2:1 in May 2018 has been made.

**Definitions and basis for key ratios are available at [www.wihlborgs.se/en/investor-relations/reports/](http://www.wihlborgs.se/en/investor-relations/reports/)**

# Room for more

The Öresund region continues to win people over and at Wihlborgs, we demonstrate daily how genuine commitment and engagement creates scope for more possibilities. For our tenants. In cities and neighbourhoods. And for all of our fantastic region. Welcome, and discover more with us.

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